

ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

Community Choice Michigan

NAIC Group Code	0000	,	0000	NAIC Company Code	95562	Employer's ID Number	38-3252216
	(Current Period)		(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America						
Licensed as business type:	Life, Accident & Health[]		Property/Casualty[]		Hospital, Medical & Dental Service or Indemnity[]		
	Dental Service Corporation[]		Vision Service Corporation[]		Health Maintenance Organization[X]		
	Other[]		Is HMO Federally Qualified? Yes[] No[X]				
Date Incorporated or Organized	05/24/1995			Date Commenced Business	08/01/1996		
Statutory Home Office	2369 Woodlake Drive, Suite 200			Okemos, MI 48864			
	(Street and Number)			(City, or Town, State and Zip Code)			
Main Administrative Office	2369 Woodlake Drive, Suite 200						
	(Street and Number)						
	Okemos, , MI 48864			(517)349-5288			
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)			
Mail Address	2369 Woodlake Drive, Suite 200			Okemos, MI 48864			
	(Street and Number or P.O. Box)			(City, or Town, State and Zip Code)			
Primary Location of Books and Records				3141 N. 3rd Avenue			
				(Street and Number)			
	Phoenix, AZ 85013			(602)331-5100			
	(City, or Town, State and Zip Code)			(Area Code) (Telephone Number)			
Internet Website Address							
Statement Contact	Linda H. Maine			(602)749-5548			
	(Name)			(Area Code)(Telephone Number)(Extension)			
	Linda_Maine@uhc.com			(602)906-1390			
	(E-Mail Address)			(Fax Number)			
Policyowner Relations Contact				3141 N. 3rd Avenue			
				(Street and Number)			
	Phoenix, AZ 85013			(800)390-7102			
	(City, or Town, State and Zip Code)			(Area Code) (Telephone Number)(Extension)			

OFFICERS

President	Christine Baumgardner
Secretary	Mary Stephens Ferris
Treasurer	Linda Shively

VICE PRESIDENTS

Rueben Pettiford	Dan McKinnon
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DIRECTORS OR TRUSTEES

Chris Shea	Gordon Weatherhead
A.J. Jones	Anthony King
David Gamez	Velma Hendershott
Darrell Milner	Roger Rushlow
Donna Jaksic	Sherri Koelsch

State of	Michigan
County of	Ingham ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Christine Baumgardner	Mary Stephens Ferris	Linda Shively
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Treasurer
a. Is this an original filing?		Yes[X] No[]
b. If no,		
1. State the amendment number		
2. Date filed		
3. Number of pages attached		

Subscribed and sworn to before me this
day of , 2003

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1.	Bonds	3,418,964		3,418,964	1,950,367
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks	11,275		11,275	11,275
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)			(a)	
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....11,591,887, Schedule E - Part 1) and short-term investments (\$.....1,248,000, Schedule DA - Part 2)	12,839,887		12,839,887	18,861,287
6.	Other long-term invested assets				
7.	Receivable for securities				
8.	Aggregate write-ins for invested assets				
9.	Subtotal, cash and invested assets (Lines 1 to 8)	16,270,126		16,270,126	20,822,929
10.	Accident and health premiums due and unpaid	525,102		525,102	1,030,134
11.	Health care receivables	1,818,611		1,818,611	8,573,738
12.	Amounts recoverable from reinsurers				156,398
13.	Net adjustment in assets and liabilities due to foreign exchange rates				
14.	Investment income due and accrued	56,282		56,282	71,848
15.	Amounts due from parent, subsidiaries and affiliates				
16.	Amounts receivable relating to uninsured accident and health plans				
17.	Furniture and equipment				
18.	Amounts due from agents				
19.	Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20.	Electronic data processing equipment and software				
21.	Other nonadmitted assets				
22.	Aggregate write-ins for other than invested assets	254,368	254,368		
23.	Total assets (Lines 9 plus 10 through 22)	18,924,489	254,368	18,670,121	30,655,047
DETAILS OF WRITE-INS					
0801	.....			
0802	.....			
0803	.....			
0898.	Summary of remaining write-ins for Line 8 from overflow page				
0899.	TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2201.	Prepaid MIS Fee	150,000	150,000		
2202.	Prepaid Insurance	31,912	31,912		
2203.	Prepaid Dues	72,456	72,456		
2298.	Summary of remaining write-ins for Line 22 from overflow page				
2299.	TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	254,368	254,368		

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	20,231,922		20,231,922	25,222,098
2.	Accrued medical incentive pool and bonus payments	(4,045,187)		(4,045,187)	(2,817,203)
3.	Unpaid claims adjustment expenses				
4.	Aggregate policy reserves				
5.	Aggregate claim reserves				
6.	Premiums received in advance				
7.	General expenses due or accrued	1,260,583		1,260,583	74,658
8.	Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability)				
9.	Amounts withheld or retained for account of others				
10.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
11.	Amounts due to parent, subsidiaries and affiliates				
12.	Payable to securities				
13.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers				
14.	Reinsurance in unauthorized companies				
15.	Net adjustments in assets and liabilities due to foreign exchange rates				
16.	Liability for amounts held under uninsured accident and health plans				
17.	Aggregate write-ins for other liabilities (including \$..... current)				
18.	Total liabilities (Lines 1 to 17)	17,447,318		17,447,318	22,479,553
19.	Common capital stock	X X X	X X X		
20.	Preferred capital stock	X X X	X X X		
21.	Gross paid in and contributed surplus	X X X	X X X	358,046	358,046
22.	Surplus notes	X X X	X X X		
23.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
24.	Unassigned funds (surplus)	X X X	X X X	865,711	7,817,448
25.	Less treasury stock, at cost:	X X X	X X X		
25.1	..... shares common (value included in Line 19 \$.....)	X X X	X X X		
25.2	..... shares preferred (value included in Line 20 \$.....)	X X X	X X X		
26.	Total capital and surplus (Lines 19 to 25)	X X X	X X X	1,223,757	8,175,494
27.	Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	18,671,075	30,655,047
DETAILS OF WRITE-INS					
1701	.....			
1702	.....			
1703	.....			
1798.	Summary of remaining write-ins for Line 17 from overflow page				
1799.	TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)				
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	748,728	834,143
2.	Net premium income	X X X	126,603,778	131,390,308
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate Write-Ins for Other health care related revenues	X X X	707,103	134,052
7.	Total revenues (Lines 2 to 6)	X X X	127,310,881	131,524,360
Medical and Hospital:				
8.	Hospital/medical benefits	42,842,306	42,842,306	37,423,619
9.	Other Professional Services	23,797,914	23,797,914	27,371,010
10.	Outside Referrals			
11.	Emergency room and out-of-area	16,144,955	16,144,955	10,528,641
12.	Prescription drugs	25,465,293	25,465,293	
13.	Aggregate write-ins for other medical and hospital	11,170,991	11,170,991	42,244,667
14.	Incentive pool and withhold adjustments	(1,808,159)	(1,808,159)	(229,063)
15.	Subtotal (Lines 8 to 14)	117,613,300	117,613,300	117,338,874
LESS:				
16.	Net reinsurance recoveries	8,787	8,787	(12,794)
17.	Total medical and hospital (Lines 15 minus 16)	117,604,513	117,604,513	117,351,668
18.	Claims adjustment expenses	1,735,474	1,735,474	1,822,627
19.	General administrative expenses	13,978,225	13,978,225	13,387,395
20.	Increase in reserves for accident and health contracts	1,206,795	1,206,795	
21.	Total underwriting deductions (Lines 17 through 20)	134,525,007	134,525,007	132,561,690
22.	Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	(7,214,126)	(1,037,330)
23.	Net investment income earned	387,800	387,800	1,061,325
24.	Net realized capital gains or (losses)	(127,067)	(127,067)	
25.	Net investment gains or (losses) (Lines 23 plus 24)	260,733	260,733	1,061,325
26.	Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
27.	Aggregate write-ins for other income or expenses	26,343	26,343	21,176
28.	Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)	287,076	(6,927,050)	45,171
29.	Federal and foreign income taxes incurred	X X X		
30.	Net income (loss) (Lines 28 minus 29)	X X X	(6,927,050)	45,171
DETAILS OF WRITE-INS				
0601.	Pharmacy Rebates	X X X	533,641	
0602.	HIV Funding	X X X	95,465	86,866
0603.	Grant	X X X	77,997	47,186
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	707,103	134,052
1301.	Pharmacy Expense			30,477,735
1302.	Other Ancillary	11,228,114	11,228,114	11,221,956
1303.	Grant Expense	140,392	140,392	125,039
1398.	Summary of remaining write-ins for Line 13 from overflow page	(197,515)	(197,515)	419,937
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	11,170,991	11,170,991	42,244,667
2701.	Third Pary Liability	26,343	26,343	21,176
2702.	.....		
2703.	.....		
2798.	Summary of remaining write-ins for Line 27 from overflow page			
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	26,343	26,343	21,176

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
31.	Capital and surplus prior reporting year	8,175,494	8,074,065
GAINS AND LOSSES TO CAPITAL & SURPLUS			
32.	Net income or (loss) from Line 30	(6,927,050)	45,171
33.	Change in valuation basis of aggregate policy and claim reserves		
34.	Net unrealized capital gains and losses		
35.	Change in net unrealized foreign exchange capital gain or (loss)		
36.	Change in net deferred income tax		
37.	Change in nonadmitted assets	(24,488)	56,258
38.	Change in unauthorized reinsurance		
39.	Change in treasury stock		
40.	Change in surplus notes		
41.	Cumulative effect of changes in accounting principles		
42.	Capital Changes:		
42.1	Paid in		
42.2	Transferred from surplus (Stock Dividend)		
42.3	Transferred to surplus		
43.	Surplus adjustments:		
43.1	Paid in		
43.2	Transferred to capital (Stock Dividend)		
43.3	Transferred from capital		
44.	Dividends to stockholders		
45.	Aggregate write-ins for gains or (losses) in surplus		
46.	Net change in capital and surplus (Lines 32 to 45)	(6,951,538)	101,429
47.	Capital and surplus end of reporting year (Line 31 plus 46)	1,223,956	8,175,494
DETAILS OF WRITE-INS			
4501	.....	
4502	.....	
4503	.....	
4598.	Summary of remaining write-ins for Line 45 from overflow page		
4599.	TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	126,769,492	131,010,903
2.	Claims and claims adjustment expenses	125,535,330	119,727,925
3.	General administrative expenses paid	13,978,225	13,443,983
4.	Other underwriting income (expenses)	286,473	
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(12,457,590)	(2,161,005)
6.	Net investment income	118,190	1,181,963
7.	Other income (expenses)	26,343	21,176
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Line 5 to 8)	(12,313,057)	(957,866)
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds	1,053,969	3,675,000
10.2	Stocks	78,000	
10.3	Mortgage loans		
10.4	Real estate		
10.5	Other invested assets		
10.6	Net gains or (losses) on cash and short-term investments		
10.7	Miscellaneous proceeds		192,427
10.8	Total investment proceeds (Lines 10.1 to 10.7)	1,131,969	3,867,427
11.	Cost of investments acquired (long-term only):		
11.1	Bonds	2,756,875	3,118,431
11.2	Stocks		11,275
11.3	Mortgage loans		
11.4	Real estate		
11.5	Other invested assets		
11.6	Miscellaneous applications		
11.7	Total investments acquired (Lines 11.1 to 11.6)	2,756,875	3,129,706
12.	Net cash from investments (Line 10.8 minus Line 11.7)	(1,624,906)	737,721
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in		
13.2	Net transfers from affiliates		
13.3	Borrowed funds received		
13.4	Other cash provided	7,941,051	56,278
13.5	Total (Lines 13.1 to 13.4)	7,941,051	56,278
14.	Cash applied:		
14.1	Dividends to stockholder paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications	24,488	2,385,484
14.5	Total (Lines 14.1 to 14.4)	24,488	2,385,484
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	7,916,563	(2,329,206)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(6,021,400)	(2,549,351)
17.	Cash and short-term investments:		
17.1	Beginning of year	18,861,287	21,410,638
17.2	End of year (Line 16 plus Line 17.1)	12,839,887	18,861,287

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1.	Net premium income	126,603,778								126,603,778				
2.	Change in unearned premium reserves and reserve for rate credit													
3.	Fee-for-service (net of \$. medical expenses)													
4.	Risk revenue													
5.	Aggregate write-ins for other health care related revenues	707,103								707,103				
6.	Total revenues (Lines 1 to 5)	127,310,881								127,310,881				
7.	Medical/hospital benefits	42,842,306								42,842,306				
8.	Other professional services	23,797,914								23,797,914				
9.	Outside referrals													
10.	Emergency room and out-of-area	16,144,955								16,144,955				
11.	Prescription drugs	25,465,293								25,465,293				
12.	Aggregate write-ins for other medical and hospital	11,170,991								11,170,991				
13.	Incentive pool and withhold adjustments	(1,808,159)								(1,808,159)				
14.	Subtotal (Lines 7 to 13)	117,613,300								117,613,300				
15.	Net reinsurance recoveries	8,787								8,787				
16.	Total medical and hospital (Lines 14 minus 15)	117,604,513								117,604,513				
17.	Claims adjustment expenses	1,735,474								1,735,474				
18.	General administrative expenses	13,978,225								13,978,225				
19.	Increase in reserves for accident and health contracts	1,206,795								1,206,795				
20.	Total underwriting deductions (Lines 16 to 19)	134,525,007								134,525,007				
21.	Net underwriting gain or (loss) (Line 6 minus Line 20)	(7,214,126)								(7,214,126)				
DETAILS OF WRITE-INS														
0501.	Pharmacy rebates	533,641								533,641				
0502.	Miscellaneous	95,465								95,465				
0503.	Grant Revenue	77,997								77,997				
0598.	Summary of remaining write-ins for Line 5 from overflow page													
0599.	TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above)	707,103								707,103				
1201.	Pharmacy Expense													
1202.	Other Ancillary	11,228,114								11,228,114				
1203.	Grant Expense	140,392								140,392				
1298.	Summary of remaining write-ins for Line 12 from overflow page	(197,515)								(197,515)				
1299.	TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above)	11,170,991								11,170,991				

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct	Reinsurance	Reinsurance	Net Premium
Line of Business		Business	Assumed	Ceded	Income
					(Columns
					1 + 2 - 3)
1.	Comprehensive (medical and hospital) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan				
	Premiums .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid	126,603,779	.....	339,319	126,264,460
8.	Other .....	.....	.....	.....	.....
9.	TOTALS	126,603,779	.....	339,319	126,264,460

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Payments during the year:									
	1.1 Direct	124,536,431							124,536,431	
	1.2 Reinsurance assumed									
	1.3 Reinsurance ceded									
	1.4 Net	124,536,431							124,536,431	
2.	Paid medical incentive pools and bonuses	(580,177)							(580,177)	
3.	Claim liability December 31, current year from Part 2A:									
	3.1 Direct	20,231,922							20,231,922	
	3.2 Reinsurance assumed									
	3.3 Reinsurance ceded									
	3.4 Net	20,231,922							20,231,922	
4.	Claim reserve December 31, current year from Part 2D:									
	4.1 Direct									
	4.2 Reinsurance assumed									
	4.3 Reinsurance ceded									
	4.4 Net									
5.	Accrued medical incentive pools and bonuses, current year	(4,045,187)							(4,045,187)	
6.	Amounts recoverable from reinsurers December 31, current year									
7.	Claim liability December 31, prior year from Part 2A:									
	7.1 Direct	25,222,098							25,222,098	
	7.2 Reinsurance assumed									
	7.3 Reinsurance ceded									
	7.4 Net	25,222,098							25,222,098	
8.	Claim reserve December 31, prior year from Part 2D:									
	8.1 Direct									
	8.2 Reinsurance assumed									
	8.3 Reinsurance ceded									
	8.4 Net									
9.	Accrued medical incentive pools and bonuses, prior year	(2,817,203)							(2,817,203)	
10.	Amounts recoverable from reinsurers December 31, prior year	(156,398)							(156,398)	
11.	Incurred benefits:									
	11.1 Direct	119,546,255							119,546,255	
	11.2 Reinsurance assumed									
	11.3 Reinsurance ceded	156,398							156,398	
	11.4 Net	119,389,857							119,389,857	
12.	Incurred medical incentive pools and bonuses	(1,808,161)							(1,808,161)	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Reported in Process of Adjustment:									
	1.1 Direct	(317,127)	.....	.....	.....	.....	.....	.....	(317,127)	.....
	1.2 Reinsurance assumed .....		.....	.....	.....	.....	.....	.....		.....
	1.3 Reinsurance ceded .....		.....	.....	.....	.....	.....	.....		.....
	1.4 Net	(317,127)	.....	.....	.....	.....	.....	.....	(317,127)	.....
2.	Incurred but Unreported:									
	2.1 Direct	19,030,798	.....	.....	.....	.....	.....	.....	19,030,798	.....
	2.2 Reinsurance assumed .....		.....	.....	.....	.....	.....	.....		.....
	2.3 Reinsurance ceded .....		.....	.....	.....	.....	.....	.....		.....
	2.4 Net	19,030,798	.....	.....	.....	.....	.....	.....	19,030,798	.....
3.	Amounts Withheld from Paid Claims and Capitations:									
	3.1 Direct	1,518,251	.....	.....	.....	.....	.....	.....	1,518,251	.....
	3.2 Reinsurance assumed .....		.....	.....	.....	.....	.....	.....		.....
	3.3 Reinsurance ceded .....		.....	.....	.....	.....	.....	.....		.....
	3.4 Net	1,518,251	.....	.....	.....	.....	.....	.....	1,518,251	.....
4.	TOTALS									
	4.1 Direct	20,231,922	.....	.....	.....	.....	.....	.....	20,231,922	.....
	4.2 Reinsurance assumed .....		.....	.....	.....	.....	.....	.....		.....
	4.3 Reinsurance ceded .....		.....	.....	.....	.....	.....	.....		.....
	4.4 Net	20,231,922	.....	.....	.....	.....	.....	.....	20,231,922	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred Durring the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (medical and hospital) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan Premiums .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid	22,130,396	102,406,035	635,788	19,596,134	22,766,184	25,222,098
8.	Other .....	.....	.....	.....	.....	.....	.....
9.	Subtotal	22,130,396	102,406,035	635,788	19,596,134	22,766,184	25,222,098
10.	Medical incentive pools, accrual and disbursements	(455,381)	.....	(2,185,962)	(1,808,161)	(2,641,343)	(2,507,762)
11.	TOTALS	21,675,015	102,406,035	(1,550,174)	17,787,973	20,124,841	22,714,336

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Grand Total
Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	3,440,257	220,280	60,837	(25,037)	7,478
2.	1998	25,269,067	7,240,571	579,433	9,951	18,565
3.	1999	X X X	57,168,492	14,473,113	836,153	185,167
4.	2000	X X X	X X X	77,268,254	21,055,915	788,768
5.	2001	X X X	X X X	X X X	95,135,843	16,558,572
6.	2002	X X X	X X X	X X X	X X X	117,067,862

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	4,115,050	220,280	60,837	(25,037)	7,477
2.	1998	34,496,191	7,982,923	579,433	9,951	18,565
3.	1999	X X X	77,570,485	17,081,419	836,153	185,167
4.	2000	X X X	X X X	99,327,047	21,549,373	788,768
5.	2001	X X X	X X X	X X X	119,864,483	17,209,315
6.	2002	X X X	X X X	X X X	X X X	114,731,977

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998	43,177,541	36,507,209			36,507,209	85			36,507,209	85
3.	1999	83,533,319	75,578,966			75,578,966	90			75,578,966	90
4.	2000	108,648,157	110,724,043			110,724,043	102			110,724,043	102
5.	2001	131,390,308	117,338,874	173,547	0	117,512,421	89	635,788		118,148,209	90
6.	2002	136,496,247	127,308,253	1,561,926	1	128,870,179	94	19,596,134		148,466,313	109
7.	TOTAL (Lines 1 through 6)	X X X	467,457,345	1,735,473	X X X	469,192,818	X X X	20,231,922		489,424,740	X X X
8.	TOTAL (Lines 2 through 6)	503,245,572	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Title XIX - Medicaid
Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	3,440,257	220,280	60,837	(25,037)	7,478
2.	1998	25,269,067	7,240,571	579,433	9,951	18,565
3.	1999	X X X	57,168,492	14,473,113	836,153	185,167
4.	2000	X X X	X X X	77,268,254	21,055,915	788,768
5.	2001	X X X	X X X	X X X	95,135,843	16,558,572
6.	2002	X X X	X X X	X X X	X X X	117,067,862

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	4,115,050	220,280	60,837	(25,037)	7,477
2.	1998	34,496,191	7,982,923	579,433	9,951	18,565
3.	1999	X X X	77,570,485	17,081,419	836,153	185,167
4.	2000	X X X	X X X	99,327,047	21,549,373	788,768
5.	2001	X X X	X X X	X X X	119,864,483	17,209,315
6.	2002	X X X	X X X	X X X	X X X	114,731,977

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998	43,177,541	36,507,209			36,507,209	85			36,507,209	85
3.	1999	83,533,319	75,578,966			75,578,966	90			75,578,966	90
4.	2000	108,648,157	110,724,043			110,724,043	102			110,724,043	102
5.	2001	131,390,308	117,338,874	173,547	0	117,512,421	89	635,788		118,148,209	90
6.	2002	136,496,247	127,308,253	1,561,926	1	128,870,179	94	19,596,134		148,466,313	109
7.	TOTAL (Lines 1 through 6)	X X X	467,457,345	1,735,473	X X X	469,192,818	X X X	20,231,922		489,424,740	X X X
8.	TOTAL (Lines 2 through 6)	503,245,572	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other. NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other. NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve - NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$..... for occupancy of own building)				
2. Salaries, wages and other benefits				
3. Commissions (less \$..... ceded plus \$..... assumed) ...				
4. Legal fees and expenses		112,090		112,090
5. Certifications and accreditation fees				
6. Auditing, actuarial and other consulting services		140,816		140,816
7. Traveling expenses				
8. Marketing and advertising		111,032		111,032
9. Postage, express and telephone				
10. Printing and office supplies		17,800		17,800
11. Occupancy, depreciation and amortization				
12. Equipment				
13. Cost or depreciation of EDP equipment and software		60,000		60,000
14. Outsourced services including EDP, claims, and other services				
15. Boards, bureaus and association fees		104,562		104,562
16. Insurance, except on real estate		64,559		64,559
17. Collection and bank service charges		42,765	28,037	70,802
18. Group service and administration fees		25,659		25,659
19. Reimbursements by uninsured accident and health plans				
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses				
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				
23.2 State premium taxes				
23.3 Regulator authority licenses and fees				
23.4 Payroll taxes				
23.5 Other (excluding federal income and real estate taxes)				
24. Investment expenses not included elsewhere		28,289		28,289
25. Aggregate write-ins for expenses	1,735,474	13,270,653		15,006,127
26. Total expenses incurred (Lines 1 to 25)	1,735,474	13,978,225	28,037	(a) 15,741,736
27. Add expenses unpaid December 31, prior year				
28. Less expenses unpaid December 31, current year				
29. Amounts receivable relating to uninsured accident and health plans, prior year				
30. Amounts receivable relating to uninsured accident and health plans, current year				
31. Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30) .	1,735,474	13,978,225	28,037	15,741,736
DETAILS OF WRITE-INS				
2501. Claims Adjustment Expense	1,735,474			1,735,474
2502. Management Fee		13,270,653		13,270,653
2503				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	1,735,474	13,270,653		15,006,127

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 18,469	31,081
1.1	Bonds exempt from U.S. tax	(a).....	
1.2	Other bonds (unaffiliated)	(a)..... 127,758	87,360
1.3	Bonds of affiliates	(a).....	
2.1	Preferred stocks (unaffiliated)	(b).....	
2.11	Preferred stocks of affiliates	(b).....	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c).....	
4.	Real estate	(d).....	
5.	Contract loans		
6.	Cash/short-term investments	(e).....	
7.	Derivative instruments	(f).....	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	146,227	118,441
11.	Investment expenses		(g)..... 28,037
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		28,037
17.	Net Investment income (Line 10 minus Line 16)		90,404
DETAILS OF WRITE-INS			
0901	.....	
0902	.....	
0903	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501	.....	
1502	.....	
1503	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash/short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)					
DETAILS OF WRITE-INS						
0901	.....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

NONE

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of items Page 2, Lines 10 to 13 and 15 to 20, Column 2 .....	.....	.....	.....
2. Other Nonadmitted Assets:			
2.1 Bills receivable .....	.....	.....	.....
2.2 Leasehold improvements .....	.....	.....	.....
2.3 Cash advanced to or in the hands of officers and agents .....	.....	.....	.....
2.4 Loans on personal security, endorsed or not .....	.....	.....	.....
2.5 Commuted commissions .....	.....	.....	.....
3. Total (Lines 2.1 to 2.5) .....	.....	.....	.....
4. Aggregate write-ins for other assets	254,368	229,880	(24,488)
5. TOTAL (Line 1 plus Line 3 and Line 4)	254,368	229,880	(24,488)
DETAILS OF WRITE-INS			
0401. Prepaid MIS Fee	150,000	210,000	60,000
0402. Prepaid Insurance	31,912	19,880	(12,032)
0403. Prepaid Dues	72,456	.....	(72,456)
0498. Summary of remaining write-ins for Line 4 from overflow page .....	.....	.....	.....
0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)	254,368	229,880	(24,488)

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	74,999	78,116	78,483	71,570	67,926	748,728
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	74,999	78,116	78,483	71,570	67,926	748,728
DETAILS OF WRITE-INS							
0601	.....					
0602	.....					
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities				
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies	2,144,993	62.738	2,144,993	13.184
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations	192,000	5.616	192,000	1.180
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations	1,081,971	31.646	1,081,971	6.650
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA				
1.512	Issued by FNMA and FHLMC				
1.513	Privately issued				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523	All other privately issued				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated			11,275	0.069
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash and short-term investments			12,839,887	78.917
9.	Other invested assets				
10.	Total invested assets	3,418,964	100.000	16,270,126	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[] No[] N/A[X]
- 1.3 State Regulating?

.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

.....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/1998
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/1998
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....10/22/1999
- 3.4 By what department or departments?
State of Michigan (OFIS)
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

..... %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
.....

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Yeo and Yeo, P.C. 3023 Daven port St., Saginaw, Michigan 48602

9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Buck Consultants Inc. 3000 Town Center #1200, Southfield Michigan 48075-1246

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?
10.3 Have there been any changes made to any of the trust indentures during the year?
10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?
- Yes[] No[] N/A[X]

Yes[] No[] N/A[X]

Yes[] No[] N/A[X]

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?
- Yes[X] No[]

Yes[X] No[]

Yes[X] No[]

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
14.11 To directors or other officers
14.12 To stockholders not officers
14.13 Trustees, supreme or grand (Fraternal only)

14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
14.21 To directors or other officers
14.22 To stockholders not officers
14.23 Trustees, supreme or grand (Fraternal only)

15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

15.2 If yes, state the amount thereof at December 31 of the current year:
15.21 Rented from others
15.22 Borrowed from others
15.23 Leased from others
15.24 Other
- \$
\$
\$

\$
\$
\$

Yes[] No[X]

\$
\$
\$
\$
- Disclose in Notes to Financial the nature of each obligation.

16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

16.2 If answer is yes:
16.21 Amount paid as losses or risk adjustment
16.22 Amount paid as expenses
16.23 Other amounts paid
- Yes[] No[X]

\$
\$
\$

GENERAL INTERROGATORIES (continued)

INVESTMENT

17. List the following capital stock information for the reporting entity:

	1	2	3	4	5	6
Class	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1. Preferred	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2. Common X X X .....	..... X X X .....	..... X X X

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits?

Yes[X] No[]

18.2 If no, give full and complete information, relating thereto:

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1).

Yes[] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

- 19.21 Loaned to others
- 19.22 Subject to repurchase agreements
- 19.23 Subject to reverse repurchase agreements
- 19.24 Subject to dollar repurchase agreements
- 19.25 Subject to reverse dollar repurchase agreements
- 19.26 Pledged as collateral
- 19.27 Placed under option agreements
- 19.28 Letter stock or securities restricted as to sale
- 19.29 Other
- \$

19.3 For each category above, if any of these assets are held by other, identify by whom held:

- 19.31
- 19.32
- 19.33
- 19.34
- 19.35
- 19.36
- 19.37
- 19.38
- 19.39
- For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year.

\$

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[] No[X]

22.1 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
22.1001

GENERAL INTERROGATORIES (continued)

INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes[] No[X]

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

24.1 Amount of payments for legal expenses, if any? \$

24.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$

25.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid

1
Name of Service Area
Missaukee
Monroe
Montmorency
Muskegon
Nawaygo
Oceana
Ogemaw
Osceola
Otsego
Ottawa
Presque Isle
Roscommon
Saginaw
St. Joseph
Van Buren
Wayne
Wexford

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	18,670,121	30,655,047	31,185,430	23,481,891	14,698,139
2. Total liabilities (Page 3, Line 18)	17,447,318	22,479,553	23,111,365	19,195,234	10,771,493
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	1,223,757	8,175,494	8,074,065	4,286,657	3,926,646
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	127,310,881	131,524,360	110,724,043	84,526,808	44,186,075
6. Total medical and hospital expenses (Line 17)	117,604,513	117,351,668	95,742,669	75,282,110	36,448,852
7. Total administrative expenses (Line 19)	13,978,225	13,387,395	11,843,832	8,787,114	4,827,854
8. Net underwriting gain (loss) (Line 22)	(7,214,126)	(1,037,330)	3,393,301		
9. Net investment gain (loss) (Line 25)	260,733	1,061,325			
10. Total other income (Lines 26 plus 27)	26,343	21,176			
11. Net income or (loss) (Line 30)	(6,927,050)	45,171	3,393,301	457,854	2,909,369
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	1,223,757	8,175,494	8,074,065	4,286,657	3,926,646
13. Authorized control level risk-based capital	4,880,802	5,024,282	4,175,978	2,879,644	1,418,780
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	67,926	74,999	63,858	57,442	36,210
15. Total members months (Column 6, Line 7)	748,728	834,143	748,344	642,489	336,819
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	92.9	89.3	86.9	89.9	83.3
18. Total underwriting deductions (Line 21)	106.3	100.9	97.4	100.5	94.8
19. Total underwriting gain (loss) (Line 22)	(5.7)	(0.8)	3.1	(0.5)	5.2
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	20,124,841	21,255,746	17,721,689	8,203,204	3,912,388
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] ..	22,714,336	22,980,118	21,144,346	9,901,916	5,521,715

FIVE-YEAR HISTORICAL DATA (Continued)

		1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES						
22.	Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23.	Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24.	Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	11,275	11,275			
25.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26.	Affiliated mortgage loans on real estate					
27.	All other affiliated					
28.	Total of above Lines 22 to 27	11,275	11,275			

SCHEDULE D - SUMMARY BY COUNTRY

Long-term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	2,144,993	2,163,155	2,155,424	2,100,000
	2.	Canada				
	3.	Other Countries				
	4.	Totals	2,144,993	2,163,155	2,155,424	2,100,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States	192,000	192,000	192,000	192,000
	10.	Canada				
	11.	Other Countries				
	12.	Totals	192,000	192,000	192,000	192,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States	1,081,971	1,124,497	1,231,320	1,193,000
	22.	Canada				
	23.	Other Countries				
	24.	Totals	1,081,971	1,124,497	1,231,320	1,193,000
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	3,418,964	3,479,652	3,578,744	3,485,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States				
	50.	Canada				
	51.	Other Countries				
	52.	Totals				
Parent, Subsidiaries and Affiliates	53.	Totals	11,275	11,275	11,275	
	54.	Total Common Stocks	11,275	11,275	11,275	
	55.	Total Stocks	11,275	11,275	11,275	
	56.	Total Bonds and Stocks	3,430,239	3,490,927	3,590,019	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year.	<u>1,950,367</u>	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	<u>2,756,875</u>	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....	<u>(159,780)</u>	6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....			
3.4 Column 10, Part 4.....	<u>(1,329)</u>	7. Book/adjusted carrying value at end of current period.....	<u>3,414,164</u>
4. Total gain (loss), Column 14, Part 4.....		8. Total valuation allowance.....	
5. Deduct consideration for bonds and stocks disposed of		9. Subtotal (Lines 7 plus 8).....	<u>3,414,164</u>
Column 6, Part 4.....	<u>1,131,969</u>	10. Total nonadmitted assets.....	
		11. Statement value of bonds and stocks, current period.....	<u>3,414,164</u>

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only			
			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6
State, Etc.					Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	No	No				
2.	Alaska	AK	No	No				
3.	Arizona	AZ	No	No				
4.	Arkansas	AR	No	No				
5.	California	CA	No	No				
6.	Colorado	CO	No	No				
7.	Connecticut	CT	No	No				
8.	Delaware	DE	No	No				
9.	District of Columbia	DC	No	No				
10.	Florida	FL	No	No				
11.	Georgia	GA	No	No				
12.	Hawaii	HI	No	No				
13.	Idaho	ID	No	No				
14.	Illinois	IL	No	No				
15.	Indiana	IN	No	No				
16.	Iowa	IA	No	No				
17.	Kansas	KS	No	No				
18.	Kentucky	KY	No	No				
19.	Louisiana	LA	No	No				
20.	Maine	ME	No	No				
21.	Maryland	MD	No	No				
22.	Massachusetts	MA	No	No				
23.	Michigan	MI	No	Yes			126,603,779	
24.	Minnesota	MN	No	No				
25.	Mississippi	MS	No	No				
26.	Missouri	MO	No	No				
27.	Montana	MT	No	No				
28.	Nebraska	NE	No	No				
29.	Nevada	NV	No	No				
30.	New Hampshire	NH	No	No				
31.	New Jersey	NJ	No	No				
32.	New Mexico	NM	No	No				
33.	New York	NY	No	No				
34.	North Carolina	NC	No	No				
35.	North Dakota	ND	No	No				
36.	Ohio	OH	No	No				
37.	Oklahoma	OK	No	No				
38.	Oregon	OR	No	No				
39.	Pennsylvania	PA	No	No				
40.	Rhode Island	RI	No	No				
41.	South Carolina	SC	No	No				
42.	South Dakota	SD	No	No				
43.	Tennessee	TN	No	No				
44.	Texas	TX	No	No				
45.	Utah	UT	No	No				
46.	Vermont	VT	No	No				
47.	Virginia	VA	No	No				
48.	Washington	WA	No	No				
49.	West Virginia	WV	No	No				
50.	Wisconsin	WI	No	No				
51.	Wyoming	WY	No	No				
52.	American Samoa	AS	No	No				
53.	Guam	GU	No	No				
54.	Puerto Rico	PR	No	No				
55.	U.S. Virgin Islands	VI	No	No				
56.	Canada	CN	No	No				
57.	Aggregate other alien	OT	X X X	X X X				
58.	TOTAL (Direct Business)		X X X	(a) 1			126,603,779	
DETAILS OF WRITE-INS								
5701								
5702								
5703								
5798.	Summary of remaining write-ins for Line 57 from overflow page							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)							

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART